



*Stephanie Rawlings-Blake*  
Mayor

## PLANNING COMMISSION

*Wilbur E. "Bill" Cunningham, Chairman*



*Thomas J. Stosur*  
Director

## STAFF REPORT

**July 10, 2014**

**REQUEST:** City Council Bill #14-0399/ Tax Credits – Historic Properties – Calculations

For the purpose of amending the City Code provisions that govern the tax credit for historic improvements, restorations, and rehabilitations to incorporate new requirements enacted by Chapters 193 and 194, 2014 Acts of the General Assembly; requiring a certain calculation and value to be determined by the State Department of Assessment and Taxation and a certain calculation and value to be determined by certain professional appraisers; defining certain additional terms; correcting, clarifying, conforming, and reorganizing related language and provisions; and generally relating to a property tax credit for historic properties.

**RECOMMENDATION:** Approval

**STAFF:** Stacy Montgomery

**PETITIONER:** The Administration (Department of Finance)

**OWNERS:** Various, in Historic Districts, or of Landmark Structures

### **SITE/GENERAL AREA**

Site Conditions: Sites where this bill would affect calculations of property tax credits for historic improvements, restorations, and rehabilitations are often, but not exclusively, residential or residential mixed-use properties with historic structures over 100 years old. This bill would also apply to historic landmark structures designated by Baltimore City.

General Area: This bill would take effect in all historic districts (33 locally designated or "CHAP" districts and 70 nationally designated districts, some of which overlap) within Baltimore City, and remain in effect for future historic districts receiving designation.

### **HISTORY**

On November 9, 1995, the Planning Commission voted unanimously to recommend approval of City Council Bill #1275, which established the tax credit for historic properties. Following enactment by the Mayor and City Council this bill was codified as Article 28, Subtitle 10 of the Baltimore City Code.

## CONFORMITY TO PLANS

The proposed action is consistent with LIVE EARN PLAY LEARN, the Comprehensive Master Plan, Live Goal 2, Objective 4, Protect and Enhance the Preservation of Baltimore's Historic Buildings and Neighborhoods, and Play Goal 1, Objective 4, Strengthen Stewardship of Historical and Cultural Resources.

## ANALYSIS

City Council Bill #14-0399 would make these changes to the Baltimore City Code:

1. Amend Section E- *Amount of Credit*- In General, adding two subcategories, for credits granted before October 1, 2014 (1) and for credits granted after October 1, 2014 (2). The calculation for the credits granted before October 1, 2014 will remain based upon a pre- and post -rehab assessment by the State Department of Assessment and Taxation. Credits granted after October 1, 2014 will be calculated based on a pre- and post-rehab appraisal by a City Appraiser. Subsection 2 incorporates the requirements enacted by Chapters 193 and 194, 2014 Acts of the General Assembly.
2. Amend Section E- *Amount of Credit*- In General, adding subcategory 6, which prevents a reduction of the tax liability after the application of the credit to less than the tax liability before the improvements were made.
3. Correct, clarify, conform and reorganize language and provisions within the Bill (no substantive changes), including:
  - a. Add definition of "CHAP"
  - b. Clarify the definition of "Eligible Improvements"
  - c. Clarify the definition of "Historic Property"
  - d. Clarify the definition of "Significant Improvements"
  - e. Relocation of "CHAP Approval Required" (reorganization for better clarity).

This bill would amend language in current historic tax credit legislation to make it consistent with the "appraisal" method of calculation approved by the Maryland General Assembly earlier this year. This would take effect October 1, 2014 and would change the method of credit calculation from a pre- and post-rehab assessment done by the State Department of Assessments and Taxation (SDAT) to a pre- and post – rehab appraisal by an appraiser hired by the City. The purpose is to provide consistent, reliable, timely and accurate information on the value of each property before and after the rehabilitation takes place.

The other goal of these amendments is to clarify, correct, conform and reorganize the language and provisions within the legislation to be sure it is in keeping with other CHAP legislation, and ensure that it clearly communicates the goals and requirements of the program. This bill does not include any substantive changes to the current tax credit ordinance. In some cases definitions are expanded, cleaned up or moved to another section where they make the most sense. Since the current tax credit law was drafted in 1996 it has not undergone this type of thorough review.

None of the proposed changes will adversely impact the program goal, to “help preserve Baltimore’s neighborhoods by encouraging home and business owners to make special efforts to restore or rehabilitate historic buildings”.

Notification: Notification has been emailed to over 200 interested parties.

A handwritten signature in black ink, appearing to read "Thomas J. Stosur". The signature is fluid and cursive, with the first name "Thomas" and last name "Stosur" clearly distinguishable.

**Thomas J. Stosur**  
**Director**